



November 5, 2007

Honorable Charles B. Rangel
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

The Congressional Budget Office and the Joint Committee on Taxation (JCT) have reviewed H.R. 3997, the Heroes Earnings Assistance and Relief Act of 2007, as ordered reported by the Committee on Ways and Means on November 1, 2007. The bill would provide tax relief to members of the military and volunteer firefighters, adjust the rules regarding the Supplemental Security Income (SSI) program, permanently extend the tax disclosure authority for the Department of Veterans Affairs, and adjust certain penalties that apply to tax reporting.

JCT estimates that enacting the legislation would increase revenues by \$278 million over the 2008-2012 period and by \$35 million over the 2008-2017 period. CBO and JCT estimate that, under the bill, direct spending would increase by \$13 million over the 2008-2012 period and decrease by \$58 million over the 2008-2017 period.

JCT has reviewed the tax provisions of the bill and determined that they contain no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). CBO has reviewed the nontax provisions of the bill (title II) and determined that they contain no intergovernmental or private-sector mandates as defined in UMRA, but that those provisions would result in some spending increases by states for SSI supplemental payments and for Medicaid.

The estimated budgetary effects are summarized in the following table.

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By Fiscal Year, in Millions of Dollars												
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2008- 2012	2008- 2017
CHANGES IN REVENUES												
Estimated Revenues	47	75	63	59	32	7	-21	-47	-73	-102	278	35
CHANGES IN DIRECT SPENDING												
Estimated Budget Authority	2	15	4	-1	-7	-8	-12	-14	-17	-19	13	-58
Estimated Outlays	2	15	4	-1	-7	-8	-12	-14	-17	-19	13	-58

Sources: Congressional Budget Office and Joint Committee on Taxation.

If you wish further details on this estimate, we will be pleased to provide them.
The CBO staff contacts for this estimate are Zachary Epstein (for revenues),
and David Rafferty (for Supplemental Security Income).

Sincerely,

for Robert A. Orszag

Peter R. Orszag
Director

cc: Honorable Jim McCrery
Ranking Republican